

Presentment Date: September 22, 2017

Objection Deadline: September 21, 2017 at 5:00 p.m. (AST)

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

Re: ECF No. 1065-1;

Dockets No. 1078, 1086

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO

Debtor.

PROMESA

Title III

No. 17 BK 3283-LTS

**This Notice relates only to the
Commonwealth and shall only be
filed in the lead Case No. 17 BK
3283-LTS**

**NOTICE OF PRESENTMENT OF STIPULATIONS
MODIFYING THE AUTOMATIC STAY**

PLEASE TAKE NOTICE that on **August 24, 2017**, the Commonwealth of Puerto Rico (the “Commonwealth”) received a *Lift Stay Notice* (the “Notice”), from Real Legacy Assurance Company, Inc. (“Real Legacy”) seeking relief from the automatic stay set forth in Bankruptcy

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Code sections 362(a) and 922(a), made applicable to the Title III Case by PROMESA section 301(a) (the “Title III Stay”) to allow the continuation of six (6) civil forfeiture cases: civil cases nos. CAC2017-0054, N3CI2017000164, KAC2016-0511, KAC2016-0869, KAC2017-0038, and DAC2016-1792, pending before the state court.²

PLEASE TAKE FURTHER NOTICE that on **August 24**, 2017, the Commonwealth received a Notice, from One Alliance Insurance Corporation (“One Alliance” and together with the Real Legacy, the “Movants”) seeking relief from the automatic stay set forth in Bankruptcy Code sections 362(a) and 922(a), made applicable to the Title III Case by PROMESA section 301(a) (the “Title III Stay”) to allow the continuation of one (1) civil forfeiture case, civil case no. CAC2017-0151, pending before the state court.

PLEASE TAKE FURTHER NOTICE that during the Lift Stay Notices Period, the Commonwealth and the Movants resolved Movants’ request for relief from the Title III Stay by agreeing to a partial modification of the Title III Stay in accordance with the terms of the (a) Stipulation Modifying the Automatic Stay Between the Commonwealth of Puerto Rico and Real Legacy Assurance Company, Inc., attached hereto as Exhibit A, and (b) Stipulation Modifying the Automatic Stay Between the Commonwealth of Puerto Rico and One Alliance Insurance Corporation, attached hereto as Exhibit B, (collectively, the “Stipulations”).

PLEASE TAKE FURTHER NOTICE that the Commonwealth will present the Stipulation to the Honorable Laura Taylor Swain, United States District Judge, sitting in the United

² The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the Debtors’ representative pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), has authorized the Department of Justice to file these Stipulations on behalf of the Commonwealth.

States District Court for the District of Puerto Rico, 150 Carlos Chardón Street, Federal Building, Office 150, San Juan, P.R. 00918-1767 for signature on **September 22, 2017**.³

PLEASE TAKE FURTHER NOTICE that, under the Stipulation, the Commonwealth and Movant have agreed to modify the Title III Stay to allow the Prepetition Action to proceed pursuant to the terms of the Proposed Order.

PLEASE TAKE FURTHER NOTICE that the Commonwealth and the Oversight Board do not agree with the assertions contained in the Notice, and the Stipulation does not constitute a waiver of any argument with respect thereto to the extent raised by Movant or any other party in any subsequent proceeding in this Title III case or otherwise.

PLEASE TAKE FURTHER NOTICE that unless a written objection to the Proposed Order is filed with the Court **no later than 5:00 p.m. (AST) on September 20, 2017**, no hearing will be held and the Proposed Order may be signed, approving the Stipulation.

PLEASE TAKE FURTHER NOTICE that copies of the Stipulation and all documents filed in these title III cases are available (a) free of charge by visiting <https://cases.primeclerk.com/puertorico> or by calling +1 (844) 822-9231, and (b) on the Court's website at <http://www.prd.uscourts.gov>, subject to the procedures and fees set forth therein.

³ The Financial Oversight and Management Board for Puerto Rico (the "Oversight Board"), as the Debtors' representative pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), has authorized the Department of Justice to file this Notice on behalf of the Commonwealth.

Dated: September 15, 2017.
San Juan, Puerto Rico

Respectfully submitted,

WANDA VÁZQUEZ GARCED
Secretary of Justice

/s/ Wandymar Burgos Vargas

WANDYMAR BURGOS VARGAS

USDC 223502

Deputy Secretary in Litigation

Department of Justice

P.O. Box 9020192

San Juan, Puerto Rico 00902-0192

Phone: 787-721-2940 Ext. 2500, 2501

wburgos@justicia.pr.gov

Attorneys for the Commonwealth of Puerto Rico

Exhibit A

Stipulation Real Legacy

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

Re: ECF No. 1065-1

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO

Debtor.

PROMESA

Title III

No. 17 BK 3283-LTS

**This Stipulation relates only to
the Commonwealth and shall
only be filed in the lead Case No.
17 BK 3283-LTS**

**STIPULATION MODIFYING THE AUTOMATIC STAY BETWEEN
THE COMMONWEALTH OF PUERTO RICO AND REAL LEGACY ASSURANCE
COMPANY, INC.**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

This stipulation (the “Stipulation”) is made as of [September 14, 2017], by and between the Commonwealth of Puerto Rico (the “Commonwealth”), and Real Legacy Assurance Company, Inc. (hereinafter named as the “Movant”).²

RECITALS

WHEREAS, on May 3, 2017, the Commonwealth, by and through the Oversight Board, as the Commonwealth’s representative pursuant to PROMESA section 315(b), filed a petition with the United States District Court for the District of Puerto Rico (the “District Court”) under title III of PROMESA (the “Title III Case”);

WHEREAS, on August 17, 2017, the District Court entered the *Order Amending Case Management Procedures* (the “Case Management Order”), which revised the *Notice, Case Management and Administrative Procedures* to implement a protocol (the “Lift Stay Protocol”) for filing motions for relief from the automatic stay set forth in Bankruptcy Code sections 362(a) and 922(a), made applicable to the Title III Case by PROMESA section 301(a) (the “Title III Stay”) [ECF No. 1065];

WHEREAS, under the Lift Stay Protocol, Movant is required to (a) send notice (the “Lift Stay Notice”) to counsel to the Oversight Board and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”) to advise them of Movant’s intent to seek relief from the Title III Stay at least fifteen (15) business days prior to filing a motion seeking such relief (the “Lift Stay Notice Period”) and (b) meet and confer with the Commonwealth during the Lift Stay Notice Period;

WHEREAS, on August 24, 2017, Movant sent its Lift Stay Notice seeking to lift the Title III Stay, requesting the continuation of six (6) civil forfeiture cases: civil cases nos. CAC2017-

² The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the Debtors’ representative pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), has authorized the Department of Justice to file this Stipulation on behalf of the Commonwealth.

0054, N3CI2017000164, KAC2016-0511, KAC2016-0869, KAC2017-0038, and DAC2016-1792 (collectively, the “Forfeiture Actions”), pending before the state court, to the Oversight Board and AAFAF;

WHEREAS, during the Lift Stay Notice Period, the Commonwealth and Movant met and conferred and have resolved Movant’s request for relief from the Title III Stay.

NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Commonwealth and Movant, through their counsel, each of whom represent and warrant they possess the requisite authority to bind the respective parties hereto, as follows:

1. The Title III Stay is hereby modified solely to the limited extent necessary to continue the litigation contesting the Forfeiture Actions through the entry of judgment; provided, however, that the Title III Stay shall continue to apply in all other respects to the Forfeiture Actions, including the execution of a judgment and provisional remedies. Consequently, since case DAC2016-1792 of the Forfeiture Actions is pending the execution of judgment, it continues to be stayed in all aspects.

2. Nothing contained in this Stipulation shall operate as a waiver or modification of the Title III Stay so as to permit the prosecution against the Commonwealth or any of the other Title III debtors of any claim or claims by anyone other than Movant as provided for herein and the Commonwealth reserves all rights, defenses, and protections with respect to any matters pending in the Title III Case.

3. The Commonwealth and Movant represent and warrant that they are properly and fully empowered to enter into and execute this Stipulation, that they know of no contractual commitment or legal limitation of, impediment to, or prohibition against their entry into this Stipulation, and that the Stipulation is legal, valid, and binding upon them.

4. Neither this Stipulation, nor the settlement provided for herein, nor any statement made, action, or position taken, or document prepared or executed in connection with the negotiation, execution, or implementation of this Stipulation shall be deemed to be, or construed as, (a) an admission by any party of any liability, wrongdoing, act, or matter or that any claim or defense has or lacks merit; (b) a waiver of the Commonwealth's rights to dispute, contest, setoff, or recoup any claim, including any claims asserted by Movant in the Forfeiture Actions, or assert any related rights, claims, or defenses and all such rights are reserved; or (c) an approval or assumption of any agreement or contract between the parties under Bankruptcy Code section 365.

5. This Stipulation contains the entire agreement by and between the parties with respect to the subject matter hereof, and all prior understandings or agreements, if any, are merged into this Stipulation.

6. This Stipulation shall be construed and interpreted in accordance with the laws of Puerto Rico. For purposes of construing this Stipulation, neither of the parties shall be deemed to have been the drafter of the Stipulation.

7. Electronic copies of signatures on this Stipulation are acceptable, and an electronic copy of a signature on this Stipulation is deemed an original. This Stipulation may be executed in counterparts, each of which is deemed an original, but when taken together constitute one and the same document.

8. This Stipulation may not be modified other than by a signed writing executed by the parties hereto.

9. The District Court shall retain jurisdiction to hear any matters or disputes arising from or relating to this Stipulation.

10. This Stipulation shall be immediately effective and enforceable upon approval by the District Court.

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IN WITNESS WHEREOF and in agreement herewith, by and through their counsel, the parties have executed and delivered this Stipulation as of the date first set forth above.

/s/ Wandymar Burgos

WANDYMAR BURGOS VARGAS

USDC 223502

Deputy Secretary in Litigation

Department of Justice

P.O. Box 9020192

San Juan, Puerto Rico 00902-0192

Phone: 787-721-2940 Ext. 2500, 2501

wburgos@justicia.pr.gov

Attorneys for the Commonwealth of Puerto Rico

/s/ Iván Aponte Figueroa

IVÁN APONTE FIGUEROA

USDC/PR No. 224809

LUIS A. CARRIÓN TAVÁREZ

**CARRIÓN TAVÁREZ LAW OFFICES,
PSC**

650 Plaza, Suite 204

650 Ave. Muñoz Rivera

San Juan, Puerto Rico 00918

Phone: (787) 620-6146

Fax: (787) 620-6148

iaponte@carriontavarez.com

lcarrion@carriontavarez.com

Attorneys for Movant

SO ORDERED, this __ day of _____, 2017

HONORABLE LAURA TAYLOR SWAIN
UNITED STATES DISTRICT JUDGE

Exhibit B

Stipulation One Alliance

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

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THE COMMONWEALTH OF PUERTO RICO AND ONE ALLIANCE INSURANCE
CORPORATION**

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WHEREAS, on August 17, 2017, the District Court entered the *Order Amending Case Management Procedures* (the “Case Management Order”), which revised the *Notice, Case Management and Administrative Procedures* to implement a protocol (the “Lift Stay Protocol”) for filing motions for relief from the automatic stay set forth in Bankruptcy Code sections 362(a) and 922(a), made applicable to the Title III Case by PROMESA section 301(a) (the “Title III Stay”) [ECF No. 1065];

WHEREAS, under the Lift Stay Protocol, Movant is required to (a) send notice (the “Lift Stay Notice”) to counsel to the Oversight Board and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”) to advise them of Movant’s intent to seek relief from the Title III Stay at least fifteen (15) business days prior to filing a motion seeking such relief (the “Lift Stay Notice Period”) and (b) meet and confer with the Commonwealth during the Lift Stay Notice Period;

² The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the Debtors’ representative pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), has authorized the Department of Justice to file this Stipulation on behalf of the Commonwealth.

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WHEREAS, during the Lift Stay Notice Period, the Commonwealth and Movant met and conferred and have resolved Movant’s request for relief from the Title III Stay.

NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Commonwealth and Movant, through their counsel, each of whom represent and warrant they possess the requisite authority to bind the respective parties hereto, as follows:

11. The Title III Stay is hereby modified solely to the limited extent necessary to continue the litigation contesting the Forfeiture Action through the entry of judgment; provided, however, that the Title III Stay shall continue to apply in all other respects to the Forfeiture Action, including the execution of a judgment and provisional remedies.

12. Nothing contained in this Stipulation shall operate as a waiver or modification of the Title III Stay so as to permit the prosecution against the Commonwealth or any of the other Title III debtors of any claim or claims by anyone other than Movant as provided for herein and the Commonwealth reserves all rights, defenses, and protections with respect to any matters pending in the Title III Case.

13. The Commonwealth and Movant represent and warrant that they are properly and fully empowered to enter into and execute this Stipulation, that they know of no contractual commitment or legal limitation of, impediment to, or prohibition against their entry into this Stipulation, and that the Stipulation is legal, valid, and binding upon them.

14. Neither this Stipulation, nor the settlement provided for herein, nor any statement made, action, or position taken, or document prepared or executed in connection with the negotiation, execution, or implementation of this Stipulation shall be deemed to be, or construed

as, (a) an admission by any party of any liability, wrongdoing, act, or matter or that any claim or defense has or lacks merit; (b) a waiver of the Commonwealth's rights to dispute, contest, setoff, or recoup any claim, including any claims asserted by Movant in the Forfeiture Action, or assert any related rights, claims, or defenses and all such rights are reserved; or (c) an approval or assumption of any agreement or contract between the parties under Bankruptcy Code section 365.

15. This Stipulation contains the entire agreement by and between the parties with respect to the subject matter hereof, and all prior understandings or agreements, if any, are merged into this Stipulation.

16. This Stipulation shall be construed and interpreted in accordance with the laws of Puerto Rico. For purposes of construing this Stipulation, neither of the parties shall be deemed to have been the drafter of the Stipulation.

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/s/ Wandymar Burgos

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Attorneys for the Commonwealth of Puerto Rico

/s/ Iván Aponte Figueroa

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Phone: (787) 620-6146

Fax: (787) 620-6148

iaponte@carriontavarez.com

lcarrion@carriontavarez.com

Attorneys for Movant

SO ORDERED, this __ day of _____, 2017

HONORABLE LAURA TAYLOR SWAIN
UNITED STATES DISTRICT JUDGE